



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF MULTIFAMILY HOUSING ASSISTANCE RESTRUCTURING

Dear Representative _____:

Senate Report 106-161 that accompanied the Fiscal Year 2000 Departments of Veterans Affairs, Housing and Urban Development and Independent Agencies Appropriations Act (Public Law 106-74) requires that the Office of Multifamily Housing Assistance Restructuring (OMHAR) provide ongoing quarterly reports on the status of the Mark-to-Market (M2M) program. I am pleased to submit the report for the second quarter of FY 2001.

Through March 31, 2001, a total of 751 properties completed the M2M review process, of which 471 properties received reduced rents recommendations. Adjusting the rents of these properties to market levels will reduce section 8 outlays by approximately \$37 million annually, or more than \$739 million over the next 20 years. Through March 31, 2001, over 1,400 properties have been assigned to Participating Administrative Entities for restructuring.

After instituting an owner's initiative package at the beginning of the first quarter, production has continued to gain momentum. In February 2001, a centralized closing operation was established to streamline the closing process of the full debt restructurings. The goal of this team is to not only streamline the closing process, but also to reduce costs and to develop closing expertise.

OMHAR has awarded 44 Outreach Training Assistance Grants (OTAG's), as a result of the FY 2000 Notice of Funding Availability. The total in grant awards for fiscal years 2001 through 2003 is currently estimated at \$6.6 million. OTAG's play an important part of the M2M process by ensuring that residents are given the opportunity to participate in the program and are kept informed of developments as their homes move through the program.

The preceding accomplishments indicate that the M2M program continues to attain the goals of the Multifamily Assisted Housing Reform and Affordability Act of 1997. Based on workload projections, OMHAR's FY 2001 third quarter report will present greater rent savings and program accomplishments.

Please feel free to contact me with any questions or comments you may have regarding the M2M program. Your continued interest in and support of the M2M program at the Department of Housing and Urban Development is appreciated greatly.

Sincerely,

Ira G. Peppercorn
Director, Office of Multifamily Housing
Assistance Restructuring